

Limit on Arms Sales

The Senate's refusal to prohibit the Export-Import Bank from financing American arms sales to underdeveloped countries is unfortunate but not irreparable. The closeness of the 48-40 vote shows an awareness on Capitol Hill that conversion of the bank into a principal channel for a secret flow of tanks and planes to countries too poor to afford enough shoes and food has been a disservice to world stability.

These sales are diverting scarce Asian, African and Latin-American resources from economic progress and contributing to regional arms races that have more than once exploded into war. Concern over this misapplication of resources is evident in the lowered ceiling that the final Senate bill puts on the arms loan authority.

One explanation for the Senate's failure to go all the way may have been a feeling in some Congressional quarters that taking the Export-Import Bank out of the financing end of the arms business would evade the root of the problem. That root is the Defense Department's revolving fund created by Congress at the request of the Eisenhower Administration in 1957. The understanding was that this fund would help taper off arms grants by facilitating arms credits through commercial banks. Instead, it has become the vehicle for underwriting the "country X" loans through which the Export-Import Bank helps underdeveloped countries buy arms without even knowing which countries are involved.

The system has been conducive to permissive if not overeager sales to underdeveloped countries without any adequate examination of whether each transaction is in the total best interest of the United States. An amendment to the foreign-aid bill by Senator Church, passed 12-6 by the Foreign Relations Committee, would abolish the revolving fund at the end of the year. That would reroute arms sales into the regular channels of the foreign-aid program, where they would be subject to tighter top-level controls within the executive branch and to closer Congressional scrutiny. That is the heart of the matter. The Church amendment sets the stage for the real policy battle on arms sales. The amendment should be passed.